PILLAR III

Disclosure Report on capital adequacy and risk management 30 June 2022

The 30 June 2022 Pillar III is a translation of the original Finnish version
“Pilari III mukaiset tiedot vakavaraisuudesta ja riskienhallinnasta 30.6.2022”.
If discrepancies occur, the Finnish version is dominant.

Contents

1. Introduction

EU Capital Requirements Regulation (575/2013), Part 8, sets requirements for the disclosure obligation of institutions and the disclosure of information concerning banks' risks, their management and capital adequacy. Additionally, institutions such as the European Banking Authority (EBA) have provided more detailed guidance on the disclosure obligations. Oma Savings Bank Group complies with its reporting obligation by publishing comprehensive information on its capital adequacy and risk management (so-called Pillar III information) once a year alongside its Annual Report. On a semi-annual basis, the Group presents relevant information regarding capital adequacy and risk management. The information in Pillar III is unaudited. The comparative period is 31 December 2021 unless otherwise stated. The forms present the information where applicable and only the rows and columns containing the reportable are presented.

2. Summary

Risk management key figures

(1, 000 euros)	30 Jun 2022	31 Dec 2021
Own funds		
Common Equity Tier 1 (CET1) capital	337,667	371,923
Total capital (TC)	338,941	375,184
Pillar I minimum capital requirement (8,0 %)	204,647	191,851
Pillar I total capital requirement	307,103	287,917
Risk weighted assets		
Credit and counterparty risk, standardised approach	2,344,843	2,179,689
Credit valuation adjustment (CVA)	4,732	8,513
Market risk (foreign exchange risk)	7,238	8,668
Operational risk, basic indicator approach	201,272	201,272
Risk weighted assets, total	**2,558,085**	**2,398,141**
Ratios		
Common Equity Tier 1 (CET1) capital ratio, %	13.20%	15.51%
Total capital (TC) ratio, %	13.25%	15.64%
Leverage ratio, %	5.58%	6.73%
Liquidity coverage ratio (LCR), %	151.38%	132.99%

Oma Savings Bank Plc's goal is to continue strong and profitable growth in the coming years. The market position will be strengthened in the entire business area with the profitable growth of the business. The Company actively pursues growth, but only in areas of business where it can be implemented sufficiently profitably and with an acceptable ratio of return and risk. The Company's risk strategy supports the Company's strategy in terms of business growth. Risk control is part of all of the Company's operations, including prudent decision making, systematic monitoring, decisive measures, avoiding risk concentrations, complying with the Company's own regulations and official regulations. One of the main tasks of risk management is to create prerequisites for achieving growth without an increase in risk levels or disturbances in daily operations. The Company has defined risk management processes, risk taking limits and guidelines to stay within the set limits.

The business profile is stable with the Company focusing on the retail banking business. Oma Savings Bank Plc's most significant sources of operational risk are information security risks (cyber risks), increasing regulatory reporting requirements and the ongoing pandemic. The Russian invasion war has brought a new kind of uncertainty to the financial market, the operating environment and increased risks related to information security. However, according to the Company's analysis, the war has a limited effect on the growth of customers' credit risk. During the first quartal, the Company agreed a long-term collaboration with Kyndryl-Samlink for IT services.

Oma Savings Bank Group's core capital ratio (CET1) decreased and was 13.2 (15.5)% at the end of the period. The minimum level of the medium-term financial goals confirmed by the Company's Board of Directors is 14%. Risk-weighted items were most significantly increased by strong growth in the loan portfolio of private and corporate customers. The increase in interest rates has had a depreciating effect on the value of the investment portfolio, which has so far led to a decrease in the amount of own funds.

During the first quartal, the Company submitted an application to the Finnish Financial Supervisory Authority (FIN-FSA) for the application of the IRB approach in capital adequacy.

Total capital ratio was 13.2 (15.6)% and the leverage ratio was 5.6 (6.7)%. At the end of the period, the Group's total capital ratio was 1.2 percentage points over the minimum regulatory requirement.

The Group's LCR target is 125% (151.5% at the end of the period) and the Standard & Poor's credit rating for short-term borrowing was A-2.

The Net Stable Funding Ratio (NSFR) requirement target is 110% (109.9% at the end of the period), and the Standard & Poor's credit rating for long-term borrowing was BBB+.

Template EU KM1 - Key metrics template

(1,000 euros)		a 30 Jun 2022	c 31 Dec 2021	e 30 Jun 2021
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	337,667	371,923	352,023
2	Tier 1 capital	337,667	371,923	352,023
3	Total capital	338,941	375,184	356,795
	Risk-weighted exposure amounts			
4	Total risk exposure amount	2,558,085	2,398,141	2,142,427
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	13.2000%	15.5088%	16.4310%
6	Tier 1 ratio (%)	13.2000%	15.5088%	16.4310%
7	Total capital ratio (%)	13.2498%	15.6448%	16.6538%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.5000%	1.5000%	1.5000%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.8438%	0.8438%	0.8438%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.1250%	1.1250%	1.1250%
EU 7d	Total SREP own funds requirements (%)	9.5000%	9.5000%	9.5000%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5000%	2.5000%	2.5000%
9	Institution specific countercyclical capital buffer (%)	0.0052%	0.0058%	0.0061%
11	Combined buffer requirement (%)	2.5052%	2.5058%	2.5061%
EU 11a	Overall capital requirements (%)	12.0052%	12.0058%	12.0061%
12	CET1 available after meeting the total SREP own funds requirements (%)	3.7498%	6.1448%	7.1538%
	Leverage ratio			
13	Total exposure measure	6,054,393	5,527,533	4,919,404
14	Leverage ratio (%)	5.5772%	6.7286%	7.1558%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14c	Total SREP leverage ratio requirements (%)	3.0000%	3.0000%	3.0000%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14e	Overall leverage ratio requirement (%)	3.0000 %	3.0000 %	3.0000 %
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	832,688	643,073	636,848
EU 16a	Cash outflows - Total weighted value	582,916	545,638	426,891
EU 16b	Cash inflows - Total weighted value	32,843	62,090	30,280
16	Total net cash outflows (adjusted value)	550,073	483,549	396,612
17	Liquidity coverage ratio (%)	151.3776%	132.9904%	160.5721%
	Net Stable Funding Ratio			
18	Total available stable funding	4,440,370	4,349,807	4,067,002
19	Total required stable funding	4,039,277	3,777,507	3,339,650
20	NSFR ratio (%)	109.9298%	115.1500%	121.7800%

The form does not provide rows EU 8a, EU 9a, 10, EU 10a, EU 14a, EU 14b and EU 14d, nor columns b and d, as there is no reporting.

3. Own funds and capital adequacy

3.1 Own funds

At the end of the review period, the capital structure of the Oma Savings Bank Group remained sufficient. Total own funds (TC) came to EUR 338.9 (375.2) million, of which Tier 1 capital (T1) accounted for EUR 337.7 (371.9) million. Tier 1 capital consisted fully of Common Equity Tier 1 capital (CET1). Tier 2 capital (T2) EUR 1.3 (3.3) million consisted of debenture loans. Decrease in fair value reserve EUR 55.0 million significantly reduced own funds. The retained earnings for the 2022 accounting period are included in the Common Equity Tier 1 capital on the basis of permission granted by the Finnish Financial Supervisory Authority (FIN-FSA). The foreseeable dividends for 2022 has been deducted from the retained earnings based on the company's dividend policy, in accordance with the European Commission Delegated Regulation (EU) No 241/2014. The assets from the personnel offerings in 2017-2018 are not included in Tier 1 capital. Adjustments required by the EU's capital requirements regulation have been applied to the Common Equity Tier 1 capital.

Own funds (1,000 euros)	30 Jun 2022	31 Dec 2021
Common Equity Tier 1 capital before regulatory adjustments	**347,905**	**383,167**
Share capital	24,000	24,000
Reserve for invested unrestricted equity*	141,104	141,104
Fair value reserve	-55,499	-492
Other reserves	128	128
Retained earnings	238,171	218,426
Regulatory adjustments on Common Equity Tier 1 capital	**-10,238**	**-11,244**
Intangible assets	-9,624	-10,025
Deferred tax assets	-19	-570
Value adjustments due to the requirements for prudent valuation	-595	-649
Common Equity Tier 1 (CET1) capital	**337,667**	**371,923**
Additional Tier 1 capital before regulatory adjustments	-	-
Regulatory adjustments on Additional Tier 1 capital	-	-
Additional Tier 1 (AT1) capital	-	-
Tier 2 capital before regulatory adjustments	**1,774**	**3,261**
Debentures	1,774	3,261
Regulatory adjustments on Tier 2 capital	-500	-
Tier 2 (T2) capital	**1,274**	**3,261**
Total capital (TC)	**338,941**	**375,184**

* The assets raised in the 2017–2018 personnel offerings, EUR 3.9 million, are not included in Common Equity Tier 1 capital.

The SREP requirement set by the Finnish Financial Supervisory Authority (FIN-FSA) for Oma Savings Bank Plc, based on the authority's assessment, 1.5%, is valid until further notice, however not later than 30 June 2023. FIN-FSA decides on the countercyclical buffer requirement quarterly and a countercyclical buffer requirement has thus far not been imposed on Finnish credit institutions. The FIN-FSA will introduce a renewed risk meter to guide the setting of a variable additional capital requirement in the third quarter of 2022. As the Russian invasion war to Ukraine continues to weaken Europe's economic outlook and the operating conditions of the financial sector, the Finnish Financial Supervisory Authority (FIN-FSA) does not apply the systemic risk buffer to Finnish credit institutions for the time being.

As soon as the situation permits, the requirement is set to the level required by the risks. The Group's own funds exceeded the total capital requirement by EUR 31.8 million.

The Financial Stability Authority has issued a decision to Oma Savings Bank Plc on the Minimum Requirement for Own Funds and Eligible Liabilities requirement (MREL) within the meaning of Chapter 8, Section 7 of the Resolution Act (1194/2014) on 6 April 2022. The requirement under the decision consists of an overall risk-based requirement (9.5%) and a requirement based on the total amount of liabilities used to calculate the leverage ratio (3%). MREL requirements must be fully met as of 30 June 2022. On 30 June 2022, Oma Savings Bank Plc meets the set requirement with own funds.

Group`s total capital requirement 30 Jun 2022 (1,000 euros)

		Buffer requirements						
Capital	Pillar I minimum capital requirement*	Pillar II (SREP) capital requirement	Capital conservation buffer	Countercyclical buffer**	O-SII	Systemic risk buffer	Total capital requirement	
CET1	4.50%	0.84%	2.50%	0.01%	0.00%	0.00%	7.85%	200,783
AT1	1.50%	0.28%					1.78%	45,566
T2	2.00%	0.38%					2.38%	60,755
Total	**8.00%**	**1.50%**	**2.50%**	**0.01%**	**0.00%**	**0.00%**	**12.01%**	**307,103**

* AT1 and T2 capital requirements are possible to fill with CET1 capital

**Taking into account the geographical distribution of the Group's exposures

3.2 Capital adequacy position

The total capital (TC) ratio of the Oma Savings Bank Group was 13.2 (15.6)% at the end of the period. The Common Equity Tier 1 capital (CET1) ratio was 13.2 (15.5)%, below the minimum level of the medium-term financial goals set by the Board of Directors (14%). Risk-weighted assets grew 6.7% to EUR 2,558.1 (2,398.1) million. Risk-weighted assets grew most significantly due to the strong growth in the loan portfolio for private and corporate customers. Oma Savings Bank Group applies in the capital requirement calculation for credit risk calculation the standardised approach and for operational risk the basic indicator approach. The basic method is applied when calculating the capital requirement for market risk for the foreign exchange position. The Company's transition project to the application of the IRB approach is proceeding as planned

Template EU OV1 – Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
(1,000 euros)		30 Jun 2022	31 Dec 2021	30 Jun 2022
1	Credit risk (excluding CCR)	2,339,248	2,173,323	187,140
2	Of which the standardised approach	2,339,248	2,173,323	187,140
6	Counterparty credit risk - CCR	10,327	14,879	826
EU 8b	Of which credit valuation adjustment - CVA	4,732	8,513	379
20	Position, foreign exchange and commodities risks (Market risk)	7,238	8,668	579
21	Of which the standardised approach	7,238	8,668	579
23	Operational risk	201,272	201,272	16,102
EU 23a	Of which basic indicator approach	201,272	201,272	16,102
29	**Total**	**2,558,085**	**2,398,141**	**204,647**

The form does not provide lines 3, 4, EU 4a, 5, 7, 8, EU 8a, 9-19, EU 19a, 22, EU 22a, EU 23b, EU 23c and 24-28, as there is no reporting.

3.3 Leverage ratio

The Oma Savings Bank Group's leverage ratio is presented in accordance with the European Commission Delegated Regulation and the figure describes the ratio of the Group's Tier 1 capital to the total exposures. The Oma Savings Bank Group's leverage ratio on 30 June 2022 was 5.6 (6.7)%.

The company monitors excessive leverage as part of capital adequacy management process. An internal minimum target level has been set for the Group's leverage ratio as part of risk budgeting included in the overall risk strategy. The CRR2 regulation obligates the maintenance of a leverage ratio of a minimum of 3%. The binding application of the requirement began on 28 June 2021.

4. Credit risk

Credit risk refers to the possibility that a counterparty fails to meet its obligations in accordance with agreed terms and conditions. The Company's credit risk largely originates in loans granted to private customers, SMEs and agriculture and forestry operators. Credit risk and counterparty risk also result from other receivables, such as bonds in the Company's investment portfolio, debt securities and derivative contracts and off-balance sheet commitments, such as undrawn credit facilities and limits, guarantees and letters of credit. The credit risk included in the investments in the Company's investment portfolio are handled in the Company's market risk strategy. Oma Savings Bank Group calculates the credit and counterparty risk capital requirement using the standardised approach. During the first quartal, the Company applied to the Finnish Financial Supervisory Authority (FIN-FSA) for the application of the IRB approach in capital adequacy. Credit and counterparty risk represents approximately 91.7% of the Company's risk-weighted items (EUR 2.3 billion).

4.1 Structure of credit risk

The Company's credit risk primarily consists of exposures secured by immovable property, retail exposures and exposures to corporates. Real estate-secured receivables account for 40.7% of the credit risk, retail liabilities account for 15.9% and corporate receivables account for 26.7%. Liabilities of private customers and housing corporations are mainly covered by housing used as collateral. The share of private and corporate customers in the loan portfolio has remained very stable during 2022. Private customers make up 60.1% of the total loan portfolio. The share of agriculture and forestry customers has fallen slightly. The total loan portfolio has grown by 8.0% during 2022. The loan portfolio is well-diversified geographically and sector-wise, which reduces the Company's concentration risk. The Company has one customer entity whose liabilities exceed the limit set by the Credit Institutions Act of 10% of the Company's own funds (high customer risks). The Company does not have material exposures outside Finland. The risks associated with the loan portfolio are low in terms of the annual income level and risk-bearing capacity of the Company.

Group's loan portfolio by customer group

Credit balance (1,000 euros)	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
Private customers	2,828,794	2,773,003	2,705,643	2,411,976	2,319,926
-Expected credit losses	-10,203	-13,682	-11,968	-11,802	-12,799
Business customers	1,074,982	948,883	882,817	768,684	752,401
-Expected credit losses	-11,757	-10,155	-14,949	-14,594	-12,247
Housing association	417,133	406,563	388,306	360,090	345,689
-Expected credit losses	-209	-162	-102	-16	-14
Agriculture, forestry, fishing industry	279,213	278,458	277,743	280,760	279,475
-Expected credit losses	-862	-816	-1,379	-1,211	-1,542
Other	103,604	96,373	100,040	114,393	114,853
-Expected credit losses	-68	-105	-200	-143	-132
Credit balance total	**4,703,725**	**4,503,280**	**4,354,549**	**3,935,903**	**3,812,344**
Expected credit losses total	**-23,099**	**-24,920**	**-28,599**	**-27,766**	**-26,734**

The most significant part of expected credit losses comes from loans to private and corporate customers. The share of housing communities, agricultural and forestry customers and other customers is limited. The amount of expected credit losses has been especially affected by updates to ECL calculation models. As part of the transition to IRB credit risk models, the Company has developed ECL models and utilized the development of IRB credit risk models, where applicable, also in ECL calculation models. This reduced expected credit losses by EUR 2.6 million in the first quarter. The amount of expected loan losses has also been affected by EUR 1.9 million due to the corona pandemic and the Russian invasion was based on management's judgement as well as individual loan-specific changes based on management judgement.

Non-performing receivables decreased compared to the comparison period on 31 December 2021 and were 1.3% of the credit portfolio. Past-due receivables (30–90 days) amounted to EUR 12.3 million (7.5) during the period under review. The decrease in non-performing receivables is mainly due to the improvement in the quality of the credit portfolio. Under certain circumstances, when a debtor faces financial difficulties, the customer can be granted concession from the original loan terms in the form of deferred amortisation or loan rearrangement to ensure the customer's ability to pay and avoid potential credit losses. Granting forbearance requires that the customer's financial difficulties are short-term and temporary. The Group has forbearance receivables of a total of EUR 78.9 million (86.6).

Matured and non-performing receivables

(1,000 euros)	30 Jun 2022	% of credit portfolio	31 Dec 2021	% of credit portfolio
Matured receivables, 30-90 days	12,345	0.3%	7,538	0.2%
Non-matured or matured less than 90 days, non-repayment likely	45,738	1.0%	65,975	1.5%
Non-performing receivables, 90-180 days	5,139	0.1%	7,739	0.2%
Non-performing receivables, 181 days - 1 year	8,765	0.2%	6,034	0.1%
Non-performing receivables, > 1 year	12,744	0.3%	16,027	0.4%
Matured and non-performing receivables total	**84,732**	**1.8%**	**103,312**	**2.4%**
Performing receivables and matured receivables with forbearances	58,724	1.2%	59,264	1.4%
Defaulted receivables with forbearances	20,131	0.4%	27,335	0.6%
Forbearances total	**78,854**	**1.7%**	**86,599**	**2.0%**

Figures include interest due on items.

Mortgage bank's LTV distribution

LTV	30 Jun 2022	31 Dec 2021	30 Jun 2021
0-50%	23.2%	23.3%	24.1%
50-60%	14.1%	14.3%	13.5%
60-70%	20.0%	19.1%	19.1%
70-80%	15.1%	15.3%	16.0%
80-90%	13.6%	13.5%	12.8%
90-100%	13.9%	14.6%	14.5%
>100%	0.0%	0.0%	0.0%
Total	**100%**	**100%**	**100%**

The table shows the LTV ratio of the loans used as collateral for bonds covered at the reporting date, based on mortgage bank regulations. In the categories of the table, the total loan amount is shown in that LTV category to which the highest LTV value belongs. For example, a EUR 55,000 loan with a collateral of a EUR 100,000 property, is counted entirely in the LTV category 50-60%.

4.2 Credit risk management

4.2.1 Credit risk management systems

The key principles and goals of credit risk management and the credit risk management procedures are set forth in the credit risk strategy, which is approved by the Company's Board of Directors. Effective credit risk management requires that there are methods for identifying, quantifying, limiting, monitoring, and controlling credit risks.

The development of credit risks is monitored regularly using different methods. Credit risk monitoring takes into account, for example, the quality, structure, credit shortfall development and non-performing loans of the loan portfolios.

In terms of credit risk, limitations have been placed on different customer groups, industries, and maturities, as well as the amount of bank guarantees. In addition, limits have been placed on different rag categories, the share of loan servicing flexibilities and problem loans in the weakest credit categories and defaulters. Reporting of credit risk position to the Board is regular. Reporting includes, among other things, the amount of non-performing receivables, collateral risk, the development of the loan portfolio by customer entity, industry and credit quality category. Developments in the quantity and quality of the loan portfolio are reported to the Board on a monthly basis as well as largest customer entities and individual customer liabilities. Developments in the quantity and quality of the largest industries are reported on a quarterly basis. In addition, the 15 largest customer entities are reported to the Board more widely once a year.

The structure of the loan portfolio is monitored per customer group and based on the sector allocation of corporate customers. Risk concentrations are created, for example, if a loan portfolio contains a large amount of loans for a single counterparty or for groups consisting of individual counterparties, specific sectors or geographical areas. Also, the maturities of loans and the sufficient diversification of products/instruments is monitored regularly.

The industry breakdown (excluding personal customers) is shown in the table below.

Industry breakdown of loan portfolio (excluding private customers)

Industry	30 Jun 2022	31 Dec 2021
Real Estate	42.6%	43.3%
Agriculture, forestry, fishing industry	14.3%	15.9%
Trade	9.0%	7.1%
Finance and insurance	6.3%	6.6%
Construction	6.0%	5.9%
Industry	4.0%	3.7%
Accommodation and food service activities	3.9%	4.1%
Professional, scientific and technical activities	3.5%	3.7%
Transportation and storage	2.9%	2.6%
Art, entertainment and recreation	2.0%	1.9%
Other lines of business, total	5.5%	5.3%
Total	**100%**	**100%**

The four largest industries are real estate, agriculture and forestry, wholesale and retail as well as finance and insurance. The development of the sectors in question are regularly monitored and reported to the Company's management and Board of Directors

The monitoring takes into account, among other things, the development of the loan portfolio, the number of problem loans, the development of the collateral gap and the development of defaulters. The situation of concentration risks is also regularly monitored through broader industry-specific monitoring. In addition, the development of the amount of expected credit losses is monitored.

The Company monitors past-due exposures, non-performing loans and the development of credit rating distribution and the credit ratings of individual customers. Key account managers continuously monitor payment behaviour, customers' actions and changes in credit ratings to keep track of the amounts of customer-specific liabilities and forms of collateral. Non-performing loans and payment delays are continuously monitored.

The Group’s loan portfolio contains only a small amount of wrong-way risk. As a rule, customers with a poor credit rating are not financed. An exception can be a situation in which the financing is critical in terms of the asset used as collateral.

4.2.2 Collateral management

Credit decisions are primarily based on the debtor's debt servicing capability, but credit risk collateral is also relevant as the collateral secures the repayment of the debt. Assessment of collateral and the use of covenants is instructed by the Company in the credit risk management guidelines. For the types of collateral, there are valuation percentages established by the Board according to the categories of collateral, and collateral is measured conservatively at fair value. The collateral shall be assessed independently in the context of the credit decision. Development of the collateral value is regularly monitored as part of credit control. Housing collateral price developments are monitored quarterly and commercial property prices at least annually. The collateral assessment is carried out by an entity that is independent of the credit decision and, for the most part, persons with an appropriate degree.

The collateral risk measured by the Company's collateral deficit is still low, although the Company's absolute collateral deficit and collateral deficit relative to capital has increased slightly during 2022. The maximum loan-to-value ratio measures the ratio of the amount of the remaining loan to the collateral of the loan.

4.2.3 Credit risk adjustments

The Company has only specific credit risk adjustments calculated using the expected credit loss model in accordance with IFRS 9 Financial Instruments (ECL, expected credit loss). The ECL model estimates the final credit loss resulting for the Company after the collateral used for the loan has been realised. With the updates made to the ECL models during the first quarter, the loan portfolio is divided into calculation portfolios based on the PD (Probability of default) parameter calculated for the customer.

With the change, the Group's loan portfolio has been divided into the following calculation portfolios:

- Private customers
- SME customers
- Other agricultural entrepreneurs
- Other housing corporation
- Others

The portfolios of private and SME customers form the two clearly largest calculation portfolios, and their combined ECL corresponded to 99.6% of the ECL of the entire loan portfolio. The private customers' portfolio includes those liabilities for which the PD value has been modeled using the private customer classification method contained in the IRB license application. The portfolio of SME customers includes all corporate liabilities for which the PD value is modeled using the SME classification method. If the PD value cannot be calculated for the liability using the two methods mentioned above, the portfolio of the liability is determined according to the customer's sector and industry code.

For other agricultural entrepreneurs, the PD value is determined according to the average insolvency frequency calculated from the history of the agricultural entrepreneurs' counterparties. The calculation principle for other housing stock companies is similar. The remaining counterparties go into the “Other” portfolio and are assigned values calculated from the average PD values of the SME counterparties in stages 1 and 2.

For each portfolio, the calculation of expected credit loss is based on the amount of exposure at the time of default (EAD, Exposure at Default), probability of default (PD) and Loss Given Default (LGD). As a basis for determining parameters, the Company uses customers' historical payment behavior and customer data, as well as liability and collateral values. In determining the values of the PD and LGD variables, macroeconomic forecasts regarding the future development of the national economy are used.

The Exposure at Default is the amount of exposure at the reporting date. Calculation of the EAD takes into account the payments to the loan as stated in the payment plan. However, certain financial instruments include both a loan principal and an undrawn portion of a loan commitment. The undrawn portion of a loan is taken into account in the exposures for the total limit granted. In the case of limit receivables, EAD is also used in the calculation of the so-called Credit Conversion Factor (CCF) for the unused limit.

The share of loss caused by insolvency describes the share of credit loss in the loan capital at the time of insolvency. For debt security investments, the Group determines the allowance for credit loss using the formula EAD*PD*LGD. Instrument-specific material from the market database is used as the source for calculating PDs. In addition, a low credit risk exception for debt security investments with a credit rating of at least investment grade at the reporting date is used. In these cases, the allowance for credit loss will be measured at an amount equal to the 12-month expected credit losses.

4.3 Counterparty risk

Counterparty risk results in connection with the investment of liquid assets and asset management, from large individual customer entities and sector concentrations. Derivatives are used very moderately and only for hedging purposes. Derivatives do not have daily collateral settlements.

EU CR1: Performing and non-performing exposures and related provisions.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
30 Jun 2022 (1,000 euros)			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	475,716	475,716	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	4,672,760	4,282,547	390,213	72,387	10,750	60,906	-6,674	-1,241	-5,433	-16,425	-127	-16,298	-837	4,475,692	50,328
020	Central banks	32,436	32,436	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	2,575	2,575	-	-	-	-	-2	-2	-	-	-	-	-	525	-
040	Credit institutions	2,350	2,350	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	69,348	67,126	2,222	29	6	22	-22	-21	-1	-3		-2	-	39,278	18
060	Non-financial corporations	1,498,887	1,382,527	116,359	33,535	1,209	32,179	-2,025	-372	-1,654	-9,941	-6	-9,935	-240	1,296,959	19,883
070	*Of which SMEs*	1,428,444	1,313,881	114,563	33,535	1,209	32,179	-2,000	-347	-1,653	-9,941	-6	-9,935	-240	1,377,207	20,871
080	Households	3,067,165	2,795,534	271,631	38,823	9,535	28,704	-4,625	-846	-3,779	-6,481	-120	-6,361	-597	2,988,466	29,439

090	Debt securities	587,646	566,841	4,706	-	-	-	-571	-536	-34	-	-	-	-	275,726	-
110	General governments	183,013	178,912	4,101	-	-	-	-341	-327	-14	-	-	-	-	20,733	-
120	Credit institutions	332,324	332,324	-	-	-	-	-109	-109	-	-	-	-	-	234,902	-
130	Other financial corporations	23,212	7,406	-	-	-	-	-1	-1	-	-	-	-	-	1,883	-
140	Non-financial corporations	49,097	48,200	605	-	-	-	-119	-99	-20	-	-	-	-	18,208	-
150	Off-balance-sheet exposures	382,773	374,607	8,166	1,500	23	919	351	183	168			-		188,522	287
170	General governments	1,347	1,347	-	-	-	-	6	6	-	-	-	-		-	-
190	Other financial corporations	3,031	3,031	-	-	-	-	1	1	-	-	-	-		605	-
200	Non-financial corporations	185,801	180,366	5,435	694	-	224	121	60	61	-	-	-		104,281	161
210	Households	192,594	189,863	2,730	806	23	694	222	116	107			-		83,636	126
220	**Total**	**6,118,895**	**5,699,712**	**403,085**	**73,887**	**10,773**	**61,825**	**-6,894**	**-1,594**	**-5,300**	**-16,425**	**-127**	**-16,298**	**-837**	**4,939,939**	**50,615**

Lines 100 Central Banks, 160 Central Banks and 180 Credit Institutions are not presented in the form, as there is nothing to report.

EU CR2: Changes in the stock of non-performing loans and advances

30 Jun 2022 (1,000 euros)		a Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**95,774**
020	Inflows to non-performing portfolios	16,061
030	Outflows from non-performing portfolios	-39,448
040	Outflows due to write-offs	-2,723
050	Outflow due to other situations	-36,725
060	**Final stock of non-performing loans and advances**	**72,387**

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Unsecured carrying amount	Secured carrying amount		
				Of which secured by collateral	Of which secured by financial guarantees
30 Jun 2022 (1,000 euros)		a	b	c	d
1	Loans and advances	671,744	4,526,020	4,303,559	222,461
2	Debt securities	311,350	275,726	237,053	38,672
3	**Total**	**983,094**	**4,801,746**	**4,540,612**	**261,134**
4	*Of which non-performing exposures*	5,634	50,328	48,677	1,652
EU-5	*Of which defaulted*	3,562	41,559	40,014	1,545

Credit losses have been deducted from column a. The form does not provide column e (of which are protected by credit derivatives) as there is nothing to report.

5. Market risk

Oma Savings Bank Group does not have market risk pursuant to Pillar I, but market risk results from fluctuations in the market prices of investment portfolio securities and the interest rate risk in the banking book. Market risk is managed through the strategy approved by the Board of Directors and conservative risk appetite. As a general rule, the Company does not practice trading on its own account, but bonds are purchased for managing liquidity and derivatives are used for hedging purposes. The Company's market risk includes a small amount of foreign exchange risk.

The interest rate risk in the banking book forms the majority of the Company's interest rate risk. The interest rate risk results from differences in the interest rate levels and maturities of assets and liabilities. In addition, the market rates impact the market prices of the investment portfolio's securities. The amount of interest rate risk is reported regularly to the Board of Directors, which has set separate monitoring limits for interest rate risk and a maximum amount.

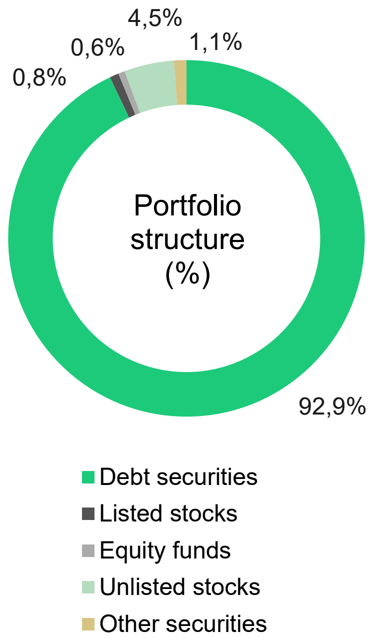
The development of the Company's net interest income has continued to be strong for 2022 Q2. The strong rise in interest rates has increased the productivity of the loan portfolio and at the same time the Company's financing costs have remained moderate as the financing is based heavily on the deposit portfolio and secured bonds. The company sees the interest rate trend as continuing to rise in the future as the loan portfolio is repriced to a higher level. With the rise in interest rates, the protection of the loan portfolio's interest rate floors has weakened with regard to negative interest rate shocks, which has been reflected in an increase in interest rate sensitivities.

Company´s interest rate risk sensitivity to 1% change in interest rate

Net interest income (NII) (EUR mill.)	30 Jun 2022	30 Jun 2021
+100bps	16.8	10.4
-100bps	-16.8	-4.2

Economic value (EV) (EUR mill.)	30 Jun 2022	30 Jun 2021
+100bps	16.8	15.5
-100bps	-15.4	3.0

The Company's investment portfolio consists mainly of low-risk fixed income investments, because High Yield bonds form less than two percent of the portfolio and the other bonds are Investment Grade obligations to EU states. The company's Board of Directors is provided with regular reports on the content of the investment portfolio and its largest counterparties.



6. Operational risk

Operational risk means a consequence or risk of loss resulting from inadequate or deficient internal processes, systems or people or external factors. Also reputational risk, legal risks, compliance risk, information security risks and risks related to money laundering and the funding of terrorism are included in operational risk. Outsourced functions also generate operational risk.

Realised operational risks can lead to financial losses or a loss of reputation for the Company.

Operational risk forms a significant risk area for the Company. It is typical for operational risk that any losses resulting from the risk are not always easy to measure. Reasons for this may include the delay in the realisation of the risk or the fact that the risks do not materialise as economically measurable losses.

The Company's most significant sources of operational risk are the information security risk, the growing requirements for regulatory reporting as well as the ongoing pandemic. During the first quarter, the Company agreed with Kyndryl-Samlink on a long-term cooperation regarding IT services.

Oma Savings Bank Group calculates the operational risk in accordance with Pilar I using the basic indicator approach for the capital adequacy approach. This amount was in 2021 EUR 201.3 (147.3) million, of which the own funds requirement was EUR 16.1 million. The increase is due to a significant increase in net interest income and commission income.

Operational risk

(1,000 euros)	2021	2020	2019
Gross income	122,229	105,751	94,055
The revenue indicator	18,334	15,863	14,108
Requirement for own funds of operational risk			16,102
Risk-weighted amount of operational risk			201,272

Operational risk management is part of a bank's risk management aimed at reducing the likelihood of unforeseen losses or threatening the bank's reputation. Operational risk management ensures that the company's values and strategy are implemented throughout the business. Operational risk management covers all material risks related to the business.

Operational risk management is applied in all of the Company's business units by identifying, measuring, monitoring and assessing the operational risks linked to the units. The business units also assess the probability of risks and their effects when the risks materialise. The company-wide process allows the management to assess the extent of any losses stemming from operational risk if the risk were to materialise. The risk assessment process is updated at least once a year and always when the business's operational environment changes.

As part of operational risk management, the Company aims to reduce the likelihood of operational risk through its internal code of conduct and by training personnel. The control points defined for the processes and internal control are also a key component of preventing operational risk. The Company reduces the impact of operational risk also by maintaining insurance for real estate and the fixed assets it owns. Every employee is responsible for operational risk management in his/her work. Materialised operational risks are reported to the management teams of the business lines.

New products, services, and outsourced service providers are approved separately through a separate Company approval process prior to deployment. The approval process ensures that the risks associated with new products and services are properly identified and assessed. The same approval process also applies when developing existing products.

The monitoring, control and reporting of operational risks are handled by the Company's risk control function. At least annually, the Company's management receives the business units' risk assessments and a report on the realised risks, on the basis of which a separate risk matrix is compiled and reported to the Board. The created process allows the Board to form an overall picture of the operational risks to the business and their potential effects on the Company. The risk identification process enables the Board to decide on risk management measures and priorities regarding operational risk.

7. Liquidity risk

Liquidity risk can be defined as the difference in the balance between incoming and outgoing cash flows. The risk may materialise if the Company cannot meet its maturing payment obligations or an acceptable balance is not achieved within the limits of tolerable costs. The Company's greatest liquidity risks arise from the maturity difference in borrowing and lending.

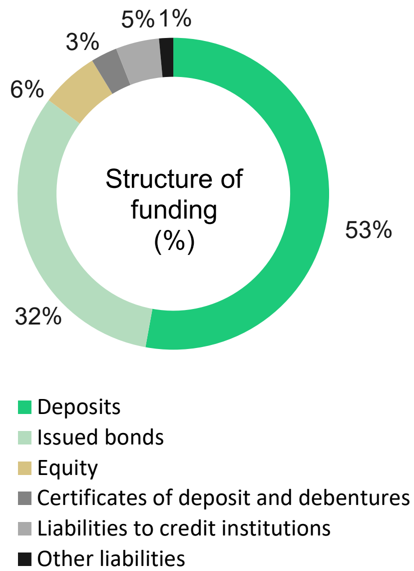
Liquidity risk is measured in the short and long term by monitoring the structure of the liquidity reserve and long-term liabilities. The Group's liquidity coverage ratio (LCR) remained good, standing at the end of June 2022 lopussa 151.5% (30.6.2021 160.6%) when the minimum LCR is 100%. Standard & Poor's confirmed a credit rating of BBB+ for Oma Savings Bank Plc's long-term borrowing in June 2022, as well as a rating of A-2 for short-term borrowing. In January 2021, Standard & Poor's changed the outlook for Oma Savings Bank Plc's long-term credit rating from negative to stable with the update of the BICRA (Banking Industry Country Risk Assessment) rating.

Another significant key figure in terms of liquidity management is the Net Stable Funding Ratio (NSFR), which was 109.9% (30.6.2021 121.8%) at the moment of review. The binding requirement for net stable funding ratio is at least 100%.

LCR & NSFR development

	30 Jun 2022	31 Dec 2021	30 Jun 2021
LCR (%)	151%	133%	161%
NSFR (%)	110%	115%	122%

The Treasury unit is responsible for the reporting. Liquidity key figures are reported to the Board and management regularly. Additionally, the calculation models for liquidity risk are assessed at least once a year by the risk control fuction.



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